

## Message Text

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ACTION EB-11

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E.O. 11652: N/A

TAGS: VE, ENGR

SUBJECT: MENE GRANDE PLANS TO INCREASE OIL PRODUCTION NEXT YEAR

1. THOMAS D. LUMPKIN, PRESIDENT OF GULF OIL OF LATIN AMERICA, ACCOMPANIED BY LEWIS RAMSEY, HEAD OF GULF'S LOCAL AFFILIATE (MENE GRANDE) CALLED ON THE AMBASSADOR NOVEMBER 27 TO REPORT ON MENE GRANDE'S PLANS FOR EXPANDING OIL PRODUCTION IN VENEZUELA.

2. LUMPKIN SAID AS A RESULT OF RECENT DISCOVERY IN THEIR CONCESSION AREA MENE GRANDE EXPECTS TO BE ABLE TO INCREASE PRODUCTION BY 150 THOUSAND BARRELS PER DAY. THIS WOULD REPRESENT, BY END OF 1974, A 20 PERCENT INCREASE IN MENE GRANDE'S OUTPUT. LUMPKIN SAID THAT HE HAD DISCUSSED THESE PLANS IN A GENERAL WAY WITH MINISTRY OF MINES AND HYDROCARBONS AND HAD RECEIVED AN AGREEMENT IN PRINCIPLE, BUT TERMS WILL HAVE TO BE WORKED OUT AT TECHNICAL LEVEL IN MINISTRY. HE IS OPTIMISTIC ABOUT RECEIVING MINISTRY APPROVAL.

3. REGARDING POSSIBILITY FOR EXPANSION OF PRODUCTION BY OTHER COMPANIES IN VENEZUELA, LUMPKIN AND RAMSEY SAID THAT ONLY TEXACO AND MOBIL SEEM TO HAVE POSSIBILITIES, WHICH WOULD

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TOTAL ABOUT 100,000 BARRELS PER DAY. CREOLE, THEY SAID IS

EXPECTED TO MAINTAIN PRODUCTION AT ABOUT THE PRESENT LEVEL WHILE SHELL AND MOST OTHER COMPANIES HERE ARE IN DECLINING POSITIONS. (COMMENT - EMBASSY BELIEVES THAT CREOLE MAY ALSO HAVE SOME EXPANSION POSSIBILITY IN ITS VAST CONCESSION AREAS, AND WITH CURRENT RISING PRICES MAY FIND IT POSSIBLE TO INCREASE PRODUCTION SOMEWHAT. IN OTHER RESPECTS, EMBASSY WOULD AGREE WITH GULF'S ASSESSMENT.)

4. AS FOR LONG-RANGE PROSPECTS, MR. LUMPKIN SAID THAT HE WAS OPTIMISTIC WITH REGARD TO VENEZUELA'S FUTURE ATTITUDE AS A MAJOR SUPPLIER OF PETROLEUM TO THE UNITED STATES. REFERRING SPECIFICALLY TO THE ORINOCO BELT, HE SAID THAT LAST MONTH GULF HAD ESTABLISHED A NEW COMPANY DEALING IN THE MORE EXOTIC ASPECTS OF ENERGY FROM EXCEEDINGLY DIFFICULT TARS SUCH AS THE ATHABASCA AND ORINOCO DEPOSITS TO URANIUM. HE MADE IT CLEAR THAT GULF IS ACTIVELY INTERESTED IN BEING AMONG THE FOREMOST WHEN IT COMES TO DEVELOPMENT OF THE ORINOCO RESERVES.  
MCCLINTOCK

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